



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

SOUTHERN UNION COMPANY
D.T.E. 06-71

SECOND SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy ("Department") submits to Southern Union Company ("Company") the following Information Requests. Answers are due September 15, 2006. In addition to filing, all non-proprietary responses should be submitted by e-mail to A. John Sullivan (five copies), Paul E. Osborne, Caroline M. Bulger, dte.efiling@state.ma.us, and to the e-mail address of any party required to be served.

INFORMATION REQUESTS

- DTE 2-1 Refer to Exh. SU-1, at 18. Please explain the public solicitation and bidding process, including estimated timelines and costs, that would be required in the absence of an exemption from the requirements of G.L. c. 164, § 15.
- DTE 2-2 Refer to Exh. SU-1, at 18. Please explain the "market conditions and opportunities" referred to by the Company that it contends may be lost through a public solicitation and bidding process.
- DTE 2-3 Refer to Exh. SU-1, at 7. Please explain the process by which the Company contemplates the proposed notes would be sold through agents, including estimated timelines and costs.
- DTE 2-4 Refer to Exh. SU-1, at 7. Please explain the process by which the Company contemplates the proposed notes would be sold through negotiations with underwriters, including estimated timelines and costs.
- DTE 2-5 Refer to Exh. SU-1, at 7. Please explain the process by which the Company contemplates the proposed notes would be sold through direct negotiations with investors, including estimated timelines and costs.
- DTE 2-6 Refer to Exh. SU-1, at 7. Please explain the process by which the Company contemplates the proposed notes would be sold to agents as principal for resale to investors, including estimated timelines and costs.

DTE 2-7 Refer to Exh. SU-1 at 18. Please explain why “market conditions” may make it difficult for the Company to price its proposed notes at par value while at the same time offer an acceptable coupon rate to investors.

DTE 2-8 Refer to Exh. SU-1, at 10. Please provide the following information:

- (1) An explanation of the steps the Company and an employee would need to take from beginning to end to complete this transaction, including money exchanges between the Company and its employees; and
- (2) the accounting entries needed by the Company to record this transaction.

For purposes of this response, assume that an employee of the Company is granted a block of 1,000 stock options on May 1, 2006 at a strike price of \$25 per share. Further assume that the employee has met all the financial and legal requirements and exercises his or hers stock options as of December 15, 2007 at a price of \$30.

DTE 2-9 Please explain whether there is a restriction period under any of the incentive stock plans between the date the employee takes possession of the Company’s stock and the date the employee is allowed to sell such stocks.

September 8, 2006.